Senate File 2332 - Introduced

SENATE FILE 2332

BY COMMITTEE ON LABOR AND

BUSINESS RELATIONS

(SUCCESSOR TO SSB 3023)

A BILL FOR

- 1 An Act prohibiting employers from entering into noncompete
- 2 agreements with low-wage employees.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- 1 Section 1. NEW SECTION. 94.1 Definitions.
- 2 As used in this section, unless the context otherwise
- 3 requires:
- 4 1. "Employee" means a natural person who is employed in this
- 5 state for wages by an employer.
- 6 2. "Employer" means a person, as defined in chapter 4, who
- 7 in this state employs for wages an employee.
- 8 3. "Low-wage employee" means an employee who earns an hourly
- 9 wage that is less than or equal to two hundred percent of the
- 10 federal minimum wage.
- 11 4. "Noncompete agreement" means an agreement between an
- 12 employer and a low-wage employee that restricts the low-wage
- 13 employee from performing any of the following:
- 14 a. Work for a different employer for a specified period of
- 15 time.
- 16 b. Work in a specified geographical area.
- 17 c. Work for a different employer that is similar to the
- 18 low-wage employee's work for the employer who is a party to the
- 19 agreement.
- 20 Sec. 2. NEW SECTION. 94.2 Noncompete agreements with
- 21 low-wage employees prohibited.
- 22 1. An employer shall not require a low-wage employee to
- 23 enter into a noncompete agreement.
- 24 2. A noncompete agreement entered into between an employer
- 25 and a low-wage employee on or after the effective date of this
- 26 Act shall be void and unenforceable.
- 27 EXPLANATION
- 28 The inclusion of this explanation does not constitute agreement with
- 29 the explanation's substance by the members of the general assembly.
- 30 This bill prohibits an employer from requiring a low-wage
- 31 employee to enter into a noncompete agreement. The bill
- 32 provides that such agreements entered into between an employer
- 33 and a low-wage employee on or after the effective date of the
- 34 bill shall be void and unenforceable.
- 35 The bill defines a "low-wage employee" as an employee who

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- 1 earns an hourly wage that is less than or equal to 200 percent
- 2 of the federal minimum wage. The bill defines "noncompete
- 3 agreement" as an agreement between an employer and a low-wage
- 4 employee that restricts the low-wage employee from performing
- 5 work for a different employer for a specified period of time,
- 6 work in a specified geographical area, or work for a different
- 7 employer that is similar to the low-wage employee's work for
- 8 the employer who is a party to the agreement.